

Message Text

SECRET

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43

ACTION ARA-17

INFO OCT-01 ADP-00 PM-09 NSC-10 SS-15 RSC-01 MC-02 EB-11

COME-00 TRSE-00 OMB-01 RSR-01 /068 W

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R 112336 Z MAY 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4298

SECDEF WASHDC

CSAF WASHDC

INFO USCINCSO QUARRY HEIGHTS CZ

DIA WASHDC

USAFSO ALBROOK AFB CZ

S E C R E T SANTIAGO 2066

NOFON

E. O. 11652: XGDS-2

TAGS: CI, MASS

SUBJ: SALE OF F-5 AIRCRAFT TO CHILE

1. JAIME GARCES, LOCAL NORTHROP SALES REP AND A TRUSTED INTERMEDIARY OF FACH CINC GEN RUIZ, CALLED ON ME MAY 10. HIS PURPOSE WAS TO DISCUSS RUIZ' LETTER OF APRIL 19 TO USAF/ IGF INQUIRING RE AVAILABILITY AND CREDIT TERMS FOR 16 F-5 E AND 2 F-5 B AIRCRAFT.

2. GARCES SAID THAT RUIZ STRONGLY HOPES GEN RYAN WILL BE IN POSITION GIVE HIM REPLY TO LETTER AT CONJEMAR CONFERENCE BEGINNING MAY 22 AT COCHABAMBA. RUIZ LEAVES DIRECTLY FROM CONFERENCE FOR TRIP TO FRANCE AND UK. IF ASSURANCE OF F-5 AVAILABILITY NOT RECEIVED BY THEN, HE WILL PRUPORTEDLY BE FORCED TO BUY WHEREVER HE CAN. GARCES INDICATED THAT RUIZ WAS THINKING OF RESIGNING IF PROGRESS NOT MADE ON SUPERSONIC PROBLEM BY JUNE 10 WHEN HE RETURNS FROM EUROPE, SINCE AT THAT POINT HE WOULD BE FACING NECESSITY AGREE TO ACQUISITION FROM SOVIETS. ACCORDING TO GARCES, RUIZ WOULD LIKE TO HAVE RESPONSE FROM US STATION APPROVAL FOR F-5 SALE TO FACH AND INDICATING
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AVAILABILITY OF " X AMONT OF DOLLARS" IN CREDIT.

3. I EXPLAINED TO GARCES THAT USG COULD MAKE NO COMMITMENTS ON FUTURE- YEAR CREDITS NOT YET APPROPRIATED BY CONGRESS. I ALSO NOTED THAT DECISION ON HOW TO USE CURRENTLY AVAILABLE FMS CREDITS IS RESPONSIBILITY OF GOC. GARCES PROFESSED UNDERSTAND THESE LIMITATIONS. HOWEVER, HE THOUGHT AS MINIMUM RUIZ WOULD STILL LOOK FOR USG POLICY DECISION ON AVAILABILITY OF F-5. WITH RESPECT TO CREDIT PROBLEM, I SUGGESTED THAT GARCES MIGHT WISH DETERMINE WHAT KING OF ARRANGEMENTS NORTHROP WOULD REQUIRE TO SIGN AN F-5 CONTRACT WITH CHILE.

4. COMMENT: RUIZ IS IN A DIFFICULT POSITION. AS WE UNDERSTAND IT, ALLENDE HAS IN EFFECT TOLD RUIZ THAT HE CAN BUY F-5 IF U. SM WILL SELL AND IF HE CAN OBTAIN SATISFACTORY CREDIT. ACCORDING GARCES, RUIZ ALSO HAS COMMITMENT FROM GOC THAT 70 PERCENT OF FMS IN FUTURE YEARS WILL BE ALLOTTED TO FACH. FAILURE OF RUIZ TO SHOW ANY PROGRESS ON F-5 WILL AT SOME POINT-- IF GARCES CORRECT, QUITE SOON-- BRING PRESSURE FOR MIG ACQUISITION.

5. MY COLLEAGUES AND I RECOMMEND URGENT AND FAVORABLE CONSIDERATION OF POLICY DECISION TO PERMIT GEN RYAN INFORM RUIZ THAT USG IS PREPARED IN PRINCIPLE TO SELL F-5 B AND F-5 E TO CHILE. GEN RYAN COULD EXPLAIN TO RUIZ, AS I HAVE TO GARCES, THAT WE ARE NOT IN POSITION MAKE CREDIT OR GUARANTEE CIMMITMENTS COVERING PACKAGE. ALTHOUGH NOT ENTIRELY WHAT RUIZ IS HOPING FOR, RESPONSE OF THIS KIND WOULD STRENGTHEN HIS POSITION BY ALLOWING HIM TO REPORT PROGRESS IN FORM OF AGREEMENT IN PRINCIPLE TO SELL F-5. AT LEAST, IT WOULD ALSO HAVE ADVANTAGE OF STRINGING THINGS OUT, PROVIDING EACH MORE TIME TO CONSIDER ENTIRE PROBLEM.

6. THIS MESSAGE COORDINATED WITH DAO AND MILGP.
DAVIS

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NMAFVVZCZ

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